



October 3, 2003

The Honorable William M. Thomas
Chairman, Committee on Ways and Means
2208 Rayburn House Office Building
Washington, DC 20515-0521

Dear Mr. Chairman:

On behalf of American Shareholders Association (ASA), I want to first thank you for your leadership on the recently enacted Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA). In the first four months since enactment, stock market wealth has increased by more than \$1 trillion, favorable dividend issuance activity has increased by 50 percent, and investor confidence has been restored. Your leadership was instrumental in passing this legislation through Congress and Americans are better off today as a result.

The recently signed tax cut has set the stage for sustained economic growth in the future, however, without a pickup of business investment and employment, the economic recovery will remain fragile. Accordingly, ASA fully supports your legislation, H.R. 2896, the American Jobs Creation Act of 2003. ASA believes this legislation will boost economic growth and create jobs in America. At the same time, this proposal is the correct remedy to comply with World Trade Organization (WTO) decisions concerning the Foreign Sales Corporations (FSCs) and the Extraterritorial Income exclusion (ETI).

As you know, the FSC/ETI export subsidies were found to be in violation of WTO agreements. Without changes, the United States is facing \$4 billion of new tariffs. H.R. 2896 provides the correct remedy to bring the U.S. into compliance with WTO rulings while reforming international tax law and spurring economic growth in America.

ASA is particularly pleased that significant tax reduction on repatriations has been included in your proposal. A recent study by the Bank of America estimates \$400 billion of new investment will enter the United States if a similar proposal introduced by Rep. Phil English became law. A J.P. Morgan study estimates that the English legislation would increase growth in the economy by an extra half of a percent a year.

While there are encouraging signs that our economy is gaining momentum, the new investment resulting from H.R. 2896 could go a long way in offsetting the lingering effects of the last recession. As such, this legislation help ensure every American that wants to work can find work and raise the standard of living for all Americans.

Sincerely,

Daniel Clifton